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4520 EAST-WEST HIGHWAY
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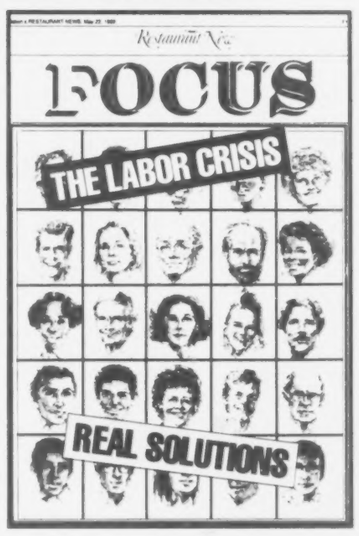
Nation's
Restaurant News®
The Weekly Newspaper of the Food-Service Industry

Vol. 23, No. 21 | Published every Monday by Lebhar-Friedman Inc.; $3 a copy, $29.50 a year | May 22, 1989

Blame management for 'labor crisis'



With more than 200,000 jobs left vacant in the food-service industry every year because of a labor shortage, more and more hard-pressed operators are mining new sources of workers and developing new methods of keeping them happy.

In this week's Focus, Nation's Restaurant News probes the so-called labor crisis to see how some of the savviest operators prosper despite it.

The report finds that successful operators are reaching out to minorities, the elderly, and the disabled to staff their restaurants.

In addition, they are turning to labor-saving convenience foods, kitchen equipment, and computer technology to reduce the need for labor in the first place.

But most of all the report suggests that the industry's problems stem, not from a shortage of workers, as conventional wisdom would have it, but from the industry's own indifference.

A new wave of food-service leaders assert that the industry causes its own labor woes by failing to treat workers with dignity and by a stubborn resistance to paying competitive wages.

The prescription: Forget the labor crisis; first solve the management crisis.

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Wendy's seeks to revive stalled comeback effort

Menu, ad shifts lead new thrust after setbacks

By Peter Romeo

DUBLIN, Ohio — After suffering major setbacks in its turnaround push during the first quarter, Wendy's International is struggling to rebound through product introductions, new advertising, and the reactivation of founder Dave Thomas.

In keeping with a two-year crusade to sharpen operations, the franchisor is also switching to a decentralized structure similar to Burger King's and is spending $20 million to overhaul 450 units. It spent $24 million on refurbishment in 1988.

Thomas

"When we start operating restaurants correctly, we start making money," commented president and new chief executive Jim Near.

However, two years of sweeping operational changes, including a wholesale replacement of field supervisors, failed to enhance Wendy's profitability during the first quarter ended April 2. Pretax income fell year-to-year by 76.8 percent, even though the company had roughly the same

*(See **WENDY'S**, page 203)*

Diners enjoy '50s ambience at the Prime Time Cafe.

Disney gets in the act with studio themers

By Jack Hayes

LAKE BUENA VISTA, Fla. — Disney-MGM Studios, the third giant theme park to open in this 28,000-acre Disney complex, which also houses The Magic Kingdom and Epcot Center, is serving California and Decade-of-the-50s theme food in 12 new eating establishments.

"There's more theming going on here than in any of the other parks," bragged Larry Slocum, director of food and a veteran of all Disney concepts at this American destination paradise in central Florida — only an alligator's crawl southwest of Orlando.

"And we're having a lot of fun with it," Slocum added.

More than a dozen eating

*(See **DISNEY**, page 203)*

FOOD WATCH

The little Engine Co. that cooked

LOS ANGELES — Engine Co. No. 28, the new American-cuisine bar and grill opened in a vintage-1912 firehouse on Figueroa Street, augments its authentic ambience with an annotated roster of weekly specials culled from the files of America's great firehouse chefs.

Firehouse specials featured since the high-grossing restaurant's debut include Dick Prince's artichoke pie, from Ladder Co. 156 in New York; chief Edgar Le Jeune's shrimp and andouille jambalaya, from Baton Rouge, La.; Richard Paganelli's fusilli alla putanesca, from Engine Co. No. 17 in San Francisco; and Harris Johnson's catfish and hush puppies, from Tallahassee, Fla.

"They're very popular, and some of them, like [Chillicothe, Ohio, fireman Dick Bost's] meat loaf, have found their way onto the regular menu," said Linda Griego, a partner in the historical landmark conversion, along with Peter Mullin and Spectrum Foods co-founder Jerry Magnin.

— Richard Martin

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Subscription rate: Food-service operators and wholesalers-distributors, one year, $29.50, two years, $49.50; auxiliary (consultants, architects, designers, manufacturers, suppliers, and schools) and all others, $59.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the last Monday in December, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to: Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include mailing label.

Vol. 23, No. 21

May 22, 1989

NEWS DIGEST

LeRoy, Tavern staffers exchange fire in wage dispute

NEW YORK — A bitter contract dispute is raging between Warner LeRoy, owner and operator of the famed Tavern on the Green, and the restaurant's servers and kitchen staffers.

Many groups tnat booked parties at the parkside restaurant have reportedly canceled their fetes rather than cross the picket lines, costing LeRoy thousands of dollars.

The flamboyant restaurateur has countered by threatening in an advertisement to sue the striking workers for libel and slander. The print ads also assure would-be patrons that "Tavern on the Green is fully staffed with 425 content and well-paid employees. Come see their smiles."

Waiters, waitresses, and kitchen staffers walked off their jobs after negotiations failed to yield an acceptable pay package. The employees charged that LeRoy has hired scabs at wages above what had been requested for union workers.

Investor solicits proxies to intensify pursuit of DWG

MIAMI — A New York investment group has alerted regulators that it plans to solicit proxies as part of an effort to go "full speed ahead" in its attempt to take over DWG Corp., parent of the Arby's fast-food chain.

The suitor, Granada Investments L.P., said it would seek the proxies to force the election of representatives to DWG's board and to air its $22-per-share takeover proposal at a shareholders meeting.

Meanwhile, a communications company revealed that it has amassed a 6-percent stake in DWG. The company, Metro CTS Inc., operates cellular telephone systems.

DWG's board has steadfastly rejected the Granada's overtures.

Pitillo leaves Jerrico to take Prufrock's helm

DALLAS — Angelo Pitillo, a 13-year veteran of Jerrico Inc., has been named president of Prufrock Restaurants Inc. here.

Pitillo, who was most recently senior vice president of new concepts at Jerrico, replaces Wallace Jones, who left in January to become executive vice president and chief operating officer of Warburtons Inc., a Chicago-based bakery-chain operator.

Prufrock owns and operates 45 Black-eyed Pea restaurants and holds the franchise rights to 10 other units.

Jerrico is the operator of the Long John Silver's quick-service seafood chain. The company is experimenting with full- and quick-service Italian restaurants.

Third parties seek to join Kingsbridge in pursuit of Dunkin'

By Peter Romeo

RANDOLPH, Mass. — Kingsbridge Capital Group, the Canadian concern seeking control of Dunkin' Donuts, said it has entered into "preliminary discussions" with unidentified third parties about joining in a takeover or merger attempt.

Meanwhile, Dunkin' said it had sold 1.1 million stock shares to an employee stock ownership plan, making a hostile takeover more difficult to complete. However, the company said it would "carefully review in due course" a proposal by Kingsbridge to acquire the doughnut maker for $42 per share, or $300 million in the aggregate. Kingsbridge described the proposed arrangement as a "business combination."

Earlier, Dunkin' chairman Robert Rosenberg had said that the board wished to maintain the operator's independence.

Kingsbridge, a holding of Toronto businessman George Mann, began amassing its 7.5-percent stake in Dunkin' when shares were trading for about $31 each. The company has sought permission from government regulators to buy up to 51 percent of the restaurant operator's stock.

Dunkin' recently enacted a "poison pill" defense that would hamper a takeover by enabling existing shareholders to buy newly issued shares at a discounted rate. However, a stockholder recently filed a suit in a Delaware court to have that and other "shark repellents" overturned.

BK touts Cheese Trio in latest product push

MIAMI — As part of a strategy to create consumer interest by rotating specialty sandwiches on and off the menu, Burger King is spotlighting the Cheese Trio — a double hamburger topped with three cheeses — during a six-week nationwide promotion.

The Cheese Trio promotion will be supported by three weeks of network television advertising, featuring both 15- and 30-second commercials, with an option for a week of spot buys, the spokesman said.

The suggested retail price for the basic Cheese Trio, consisting of two 2-ounce patties and Swiss, American, and Monterey Jack cheeses, is $1.65, a Burger King spokesman said. A "deluxe" version with mayonnaise, lettuce, and tomato, is $1.85, he said.

Burger King is in the process of selecting a new ad agency to handle its national account.

Food costs moderate; sales slow in April

WASHINGTON — Wholesale food-price inflation eased in April, and eating- and drinking-place sales softened, suggesting that the economy is slowing.

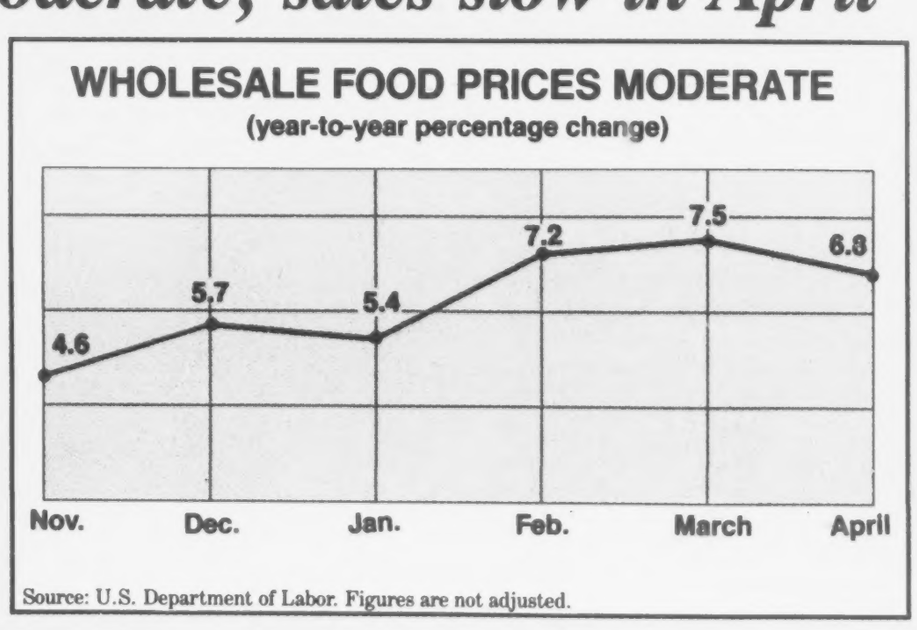
Wholesale food prices advanced at a 6.8-percent year-over-year rate in April, down from 7.5 percent in March, according to the U.S. Labor Department's Producer Price Index for Finished Consumer Foods.

And sales growth at the nation's restaurants and bars slackened to 5.6 percent from an 8.6-percent unadjusted gain in March, according to the Bureau of the Census.

"I think the environment for restaurant companies is pretty good overall," said Richard Pyle, managing director of Piper, Jaffray & Hopwood Inc., Minneapolis.

"If the economy slows down, wage growth could slow down, food costs could stop rising, and real-estate and interest costs could be better, so the profitability of restaurants might improve," Pyle explained. "It may not be as ebullient on the sales side, but some of the cost factors will come under better control."

— Rajan Chaudhry



Source: U.S. Department of Labor. Figures are not adjusted.

FINANCIAL NEWS

Friday's boosts net income 21% to $2.8M in 1st Q

By Rajan Chaudhry

DALLAS — TGI Friday's Inc. said higher comparable-store sales, lower labor costs, and increased interest income fueled a 21-percent gain in net income, to $2.8 million, for the first quarter ended April 3.

The results cap a two-year turnaround built on better cost controls, stepped-up marketing, and a new menu.

Revenues for the quarter fell 4 percent from the same-period figure last year, to $92.9 million, reflecting the deferral of operating results for 25 restaurants as part of the company's realignment.

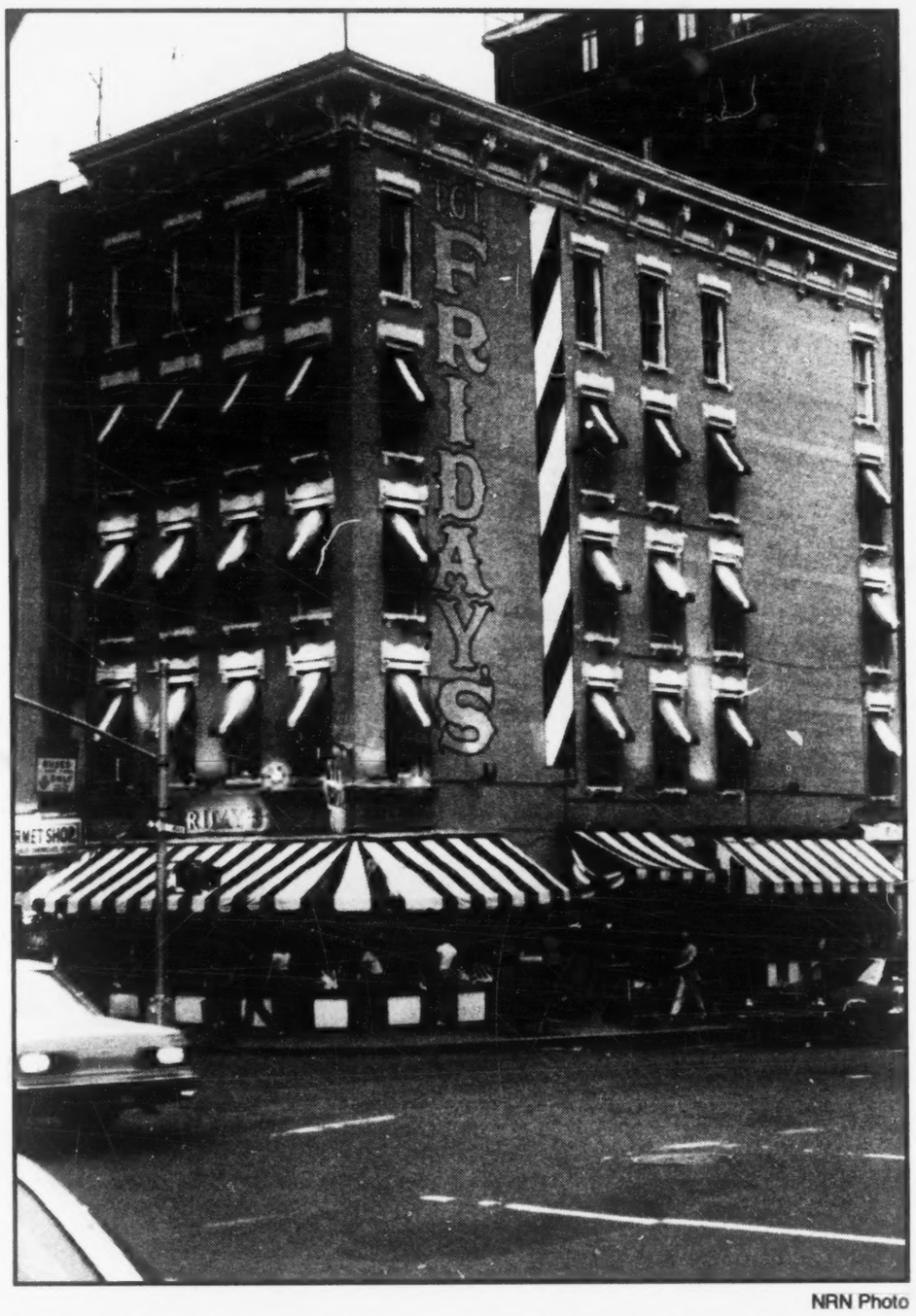
The program is designed to increase the company's role as a franchisor and develop certain markets through territorial franchise agreements.

Friday's, which operates and franchises casual dinner houses under the T.G.I. Friday's and Dalts banners, kicked off its realignment program in December.

Under the plan, the company has targeted 19 restaurants for sale to franchisees. It has also closed two Dalts and two Friday's, according to treasurer Lawrence White. He noted that the four remaining restaurants would probably be subleased.

Most of the restaurants slated for sale are in middle America, in markets where Friday's has a limited presence and the company would rather grant area development agreements than tackle further company-store expansion, White said.

Although the company anticipates booking a net gain when all transactions related to the realignment are closed, it will incur losses for some store dispositions. The deferral of results eliminates the chance that those sales might reduce any quarter's earnings.



NRN Photo

TGI Friday's occupies a corner building in New York City.

In 1986 Friday's net income bottomed at $1.4 million. Over the past two years, the company has posted steady improvements in operating profits and same-store sales. In 1988 Friday's earnings totaled $12.4 million, eclipsing the previous high of $11.9 million that it reached in 1983.

Operating margins improved from 6.9 percent in 1986 to about 9 percent in 1988. For the first quarter, restaurant operating margins rose year-to-year to more than 10 percent from about 9.4 percent.

Comparable-store sales at Friday's units rose 5.6 percent for the quarter, 2.6 percent of that coming from menu-price hikes. Comparable-store sales at Dalts improved 4.6 percent, with about 2.4 percent coming from price increases.

For the April-ended quarter, labor costs as a percent of sales dropped about 1.5 percentage points, according to White. Richard E. Rivera,

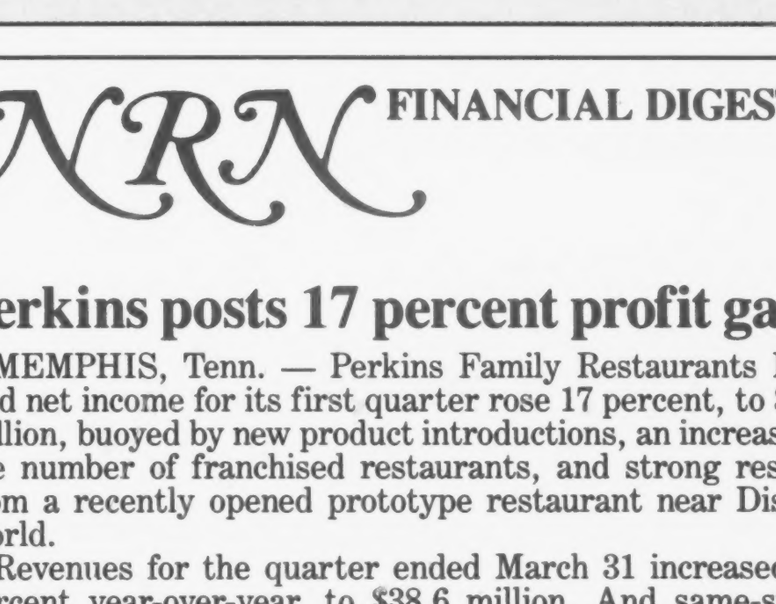
*(See **FRIDAY'S**, page 202)*

FACT FILE

A look at the statistics shaping the industry

FOOD-SERVICE PAY LOWEST OF RETAIL BUSINESSES

Average hourly wage



Source: Bureau of Labor Statistics

NRN FINANCIAL DIGEST

Perkins posts 17 percent profit gain

MEMPHIS, Tenn. — Perkins Family Restaurants L.P. said net income for its first quarter rose 17 percent, to $2.1 million, buoyed by new product introductions, an increase in the number of franchised restaurants, and strong results from a recently opened prototype restaurant near Disney World.

Revenues for the quarter ended March 31 increased 11 percent year-over-year, to $38.6 million. And same-store sales for company-operated restaurants were up 4.8 percent for the quarter.

Perkins, which owns and operates 114 Perkins Family Restaurants and franchises an additional 231, said that its new prototype in Lake Buena Vista, Fla., boasts a store operating profit which is more than triple its company-store average.

Promotions pull plug on NCS profits

HOUSTON — National Convenience Stores Inc. said aggressive price promotions boosted sales but slashed profits for its third quarter ended March 31.

The company lost $7.5 million for the quarter, compared with a loss of $1.2 million for the same period last year. Sales increased 6 percent, to $239.3 million.

For the March-ended nine months, losses totaled $8.2 million, compared with a net profit from operations of $1.4 million a year ago. Sales for the nine months rose 21 percent, to $786.6 million.

V.H. Van Horn, president and chief executive, said that in the fourth quarter NCS will return to traditional pricing strategies, focus on promotions that do not rely on discount pricing, pass on more gas-price increases to customers, and reorganize its marketing team.

Store-opening costs swamp Ark

NEW YORK — Ark Restaurants Corp. — which operates a diverse mix of restaurants and bars here, in Boston, and in Washington — said that, for its second quarter ended April, preopening expenses for several new restaurants and sagging sales at its Big Kahuna operation cut profits by 55 percent and sales by 3 percent 1.

Net income fell to $88,000 on sales of $6.5 million for the quarter, Ark said.

In the first half, net income declined 4[illegible] percent, to $366,000, and sales slipped 4 percent, to $13.4 million.

In accounting for the results, the company cited preopening expenses and early operating losses at An American Place and its America operation in Washington as well as preopening expenses at Gonzalez Gonzalez.

FOOD PRICE OUTLOOK

Canned peach imports are up

The tight conditions of **California canned cling peaches** in regard to food-service demand has opened the door to strong imports. The quality varies, so operators purchasing imported peaches should cut each order to be sure contents meet their specifications. Pricing has been running about 10 percent to 15 percent below that of the California pack.

The prolonged Newfoundland fish packers strike has not hit **frozen cod** supplies as much as had been feared. Many processors here had bought heavily in anticipation. Stocks are only down about 10 percent from last year's figure, and prices have just begun to edge up again for the blocks and slabs, which are the raw material from which portions are cut.

Cocoa prices are at the lowest levels in years and have been holding there for many weeks. If the world market continues low, expect **chocolate** prices to drop here, as processors work off higher-priced stocks and replace them with the current supply.

Iceberg lettuce supply has now swung back to the California Central Coast, and prices were down in mid-May, although unseasonal rain was temporarily holding up harvesting. With prices below break-even for farmers, some crops are being plowed under, so rock-bottom prices may not last.

Strong export demand is driving prices up on a host of commodities. **Dry beans,** with Mexico buying **colored beans** heavily, are one example. Japan is buying fresh **fish** from American waters. China and the Soviet Union are buying **grain,** both for animal feed and for human consumption. Result: upward pressure on prices that will be relieved only by bumper harvests, a very uncertain possibility.

— Patt Patterson

FOR THE LATEST STOCK MARKET TABLES, SEE PAGE 204

FOCUS | OPINION

Nation's Restaurant News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHARFRIED
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Publisher of Nation's Restaurant News, Discount Store News, National Home Center News, Drug Store News, Accounting Today, Computer&Software News, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc., Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

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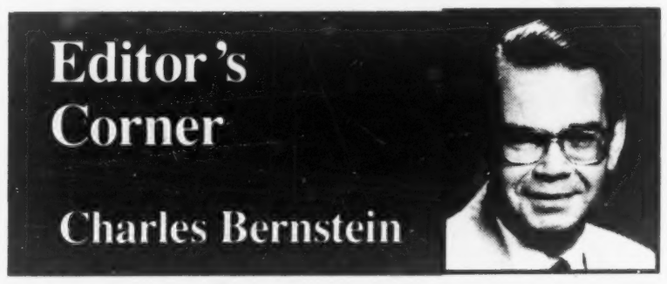
Group approach: Entrepreneur still crucial

This is the age of the restaurant "group," an umbrella organization that keeps various chains under its wing. A number of these groups sprang up in the past two years, and more are evolving now.

One of the most prominent of the established groups is TW Services, which is still under takeover threat from New York investment firm Coniston Partners and is being eyed by other companies. Under chairman Frank Salizzoni, TW operates Denny's, Winchell's, El Pollo Loco, Spartan Foods (a major Hardee's franchisee), Quincy's steak houses, and the Canteen food-service management company.



Then there is Norman Habermann's Irvine, Calif.-based Restaurant Enterprises Group, which has Carrow's and Coco's coffee shops, Darryl's, Baxter's, Gladstone's 4 Fish, and Las Brisas. To help finance its huge debt, REGI has sold Gilbert/Robinson (Houlihan's) to The Riese Organization in New York. Peter Grace, chairman of W.R. Grace, which once owned these restaurants, retains a significant stake.

And the man who once ran Peter Grace's restaurants, Anwar Soliman, has his own deal with a wide grouping of restaurants under the banner of the Newport Beach, Calif.-based American Restaurant Group. It comprises Grandy's chicken, Stuart Anderson's Black Angus steak houses, Velvet Turtle restaurants, Spectrum Foods dinner houses, and Spoons casual restaurants.

Gordon Miles and Thomas Doan's San Diego-based Paragon Restaurant Group, which grew out of Vicorp Specialty Restaurants, consists mainly of the dinner houses that Vicorp purchased five years ago from Foodmaker's Continental Restaurant group — Carlos Murphy's, Mountain Jack's, Boathouse, and Hungry Hunter.

In addition, Paragon purchased the Rusty Pelican seafood dinner houses last year.

These groups tend to emphasize casual dinner houses that can be replicated and feature an ambience where jackets and ties may be somewhat out of place. This is a trend that will accelerate as customers veer away from the so-called luxury restaurants toward lighter menus and casual dress.

Similar trends are evident in the rise of restaurant groups springing up now. They provide marketing and management help as well as capital for chains that want to grow but need extra support to do it.

The latest example, as reported in this issue, is that of Allen J. Bernstein, who has formed the Quantum Restaurant Group, Roslyn Heights, N.Y., and has acquired a majority stake in Peasant Restaurants, a 14-unit Atlanta group emphasizing casual dinner houses and "neighborhood" restaurants. He also has set plans for his group to acquire other chains in the casual category and is close to another such purchase.

A previous effort by Bernstein, as chairman of Denver-based Le Peep for the last six years, appeared to falter when founders-entrepreneurs Buddy and Rhoda Waldman could not cope with the rapid franchising and expansion and dropped from the scene. The Peasant situation seems decidedly different since the concepts are already well established in their niches. Prospects are good that Peasant president Stephen Nygren indeed will be retained at the helm as Peasant's concepts expand.

This would contrast with the bitterness that develops when the entrepreneur is forced out after an acquisition and the feel of the concept is lost. A notable recent example is that of Don Callender's being sidelined after Ramada Corp. acquired his Marie Callender's chain. Inevitably, Ramada has sold the chain to an investment group.

Another fledgling restaurant group has in effect been formed in Stuart Benson's recent buyout of majority control in the expanding New York-based Nathan's hot-dog chain. Benson and his partners, including William Landberg, have indicated a desire to take over some of the Sizzler restaurants in the Midwest and to acquire other restaurant chains.

At the same time, the Buckley twins, Richard and Steven, from whom Benson wrested control of Nathan's, are seeking other restaurant acquisitions.

In effect, there already are numerous independent restaurant groups. But a new twist occurs when a group repeats its concepts on a wide basis.

One of the masters of this technique is Dennis Riese, who with his Riese New York Group (separate from The Riese Organization run by his father and uncle) exercises vast real estate clout, has now signed a deal to be Richard Melman's partner in Ed Debevic's diners. He is ready to roll out a substantial number of Debevic's after the concept crawled along with only five domestic units opening in five years.

What is intriguing about Dennis Riese's role is his marketing of four different casual restaurant concepts — each with its own nuance and particular niche. Debevic's comes in addition to Chi-Chi's, T.G.I. Friday's, and Chili's franchise rights for him.

It is easy to visualize customers who crave variety going to each of these four on consecutive days. It is also a good bet that clusters of three or four of these units will pop up fairly steadily.

Norman Brinker, Chili's chairman, has fashioned his own casual group in a sense, with Chili's and the slightly higher-priced Grady's chain that he acquired last fall. He is convinced that he can keep rolling out Chili's units and expand Grady's at the same time.

Groups can be great but are likely to succeed only when they are casual in food and dress code, offer real price-value, and have a true restaurateur operating them.

LETTERS

Pub Notes: A mix of talent keeps regulars informed

Editor, NRN:

While we are very proud of Pub Notes, our newsletter that you mentioned in your Editor's Corner column, "Morale spur: In-house newsletters," it is not an in-house newsletter at all.

We are, as you say, a one-unit operation, and all 20 of us see each other on a daily basis. Everyone here contributes either talent or labor (or both) to the production of Pub Notes. The newsletter is for our customers, especially our "regulars," who may come in but once or twice a year because they live in inconvenient places like England and California.

We are a pub in the true sense of the word, and our neighborhood is large. We like to keep our friends aware of us and what we are doing. When there is news, we herald it; otherwise, we just chat.

For the customer who was in last in July when waitress Rose was five months pregnant, the birth of her twins in November is certainly news though perhaps not of the magnitude meriting coverage in Nation's Restaurant News.

I hope you enjoy Pub Notes as much as we enjoy NRN, though I doubt you'll find it as useful — even if you get all the inside jokes.

— Deven Black
general manager
editor, Pub Notes
North Star Pub
New York

Counter customers suffer double-drive-thru blues

Editor, NRN:

Since McDonald's and others determined that the double-drive-thru was the answer to increased sales, the speed of service to the walk-in customer has suffered greatly (30 minutes at my last stop at the Golden Arches).

The drive-thru seems to have priority for product. As a result, the counter customer lives with half-completed orders or slow delivery, at best. It's no wonder that new small franchised operations are opening on every block and the mom-and-pop operator is back in business. They are the new fast-food operators!

— Walt Collins
Restaurant Consultants Inc.
Boca Raton, Fla.

Editorial praise from deep in the heart of Texas

Editor, NRN:

I'm assistant manager at the Sunset Grill Restaurant in South Padre Island, Texas. I'm sending this letter to let y'all know of the fine job you do with Nation's Restaurant News.

It is very informative and full of new ideas. This is our first publication, and I already love it! It was my bosses' idea to get it, and I'm very glad they did it!

Thank you very much.

— Joaquin de la Torre
Sunset Grill
South Padre Island, Texas

FOCUS | LABOR CRISIS

EMPLOYMENT OUTLOOK

As the labor pool continues to dwindle, competition between operators and retailers has heated up into an all out battle for competent employees.

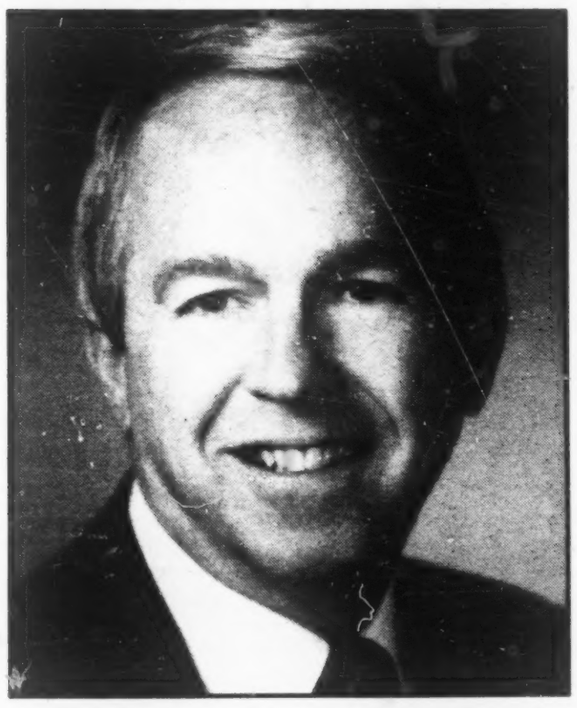
By Milford Prewitt

Only war extracts as many people from the labor pool.

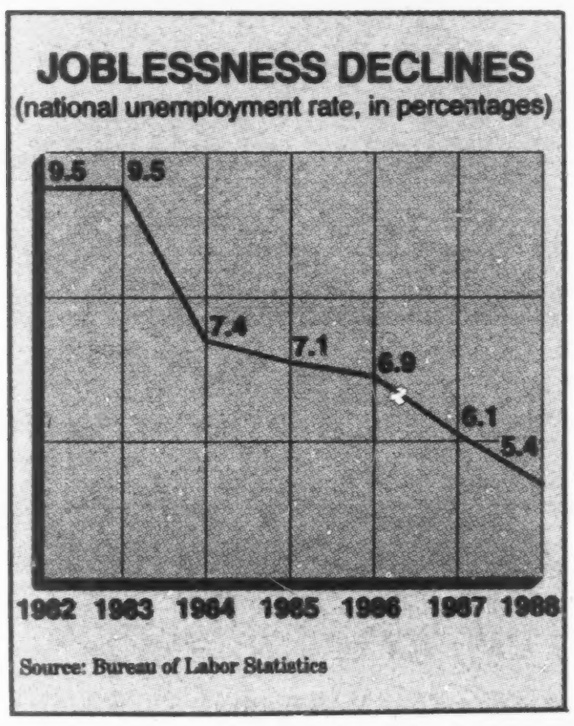
That's how Donald Campbell, president of Kenny King Corp., Cleveland, a 58-unit franchisor, sums up the state of the labor market.

"With the exception of war, I cannot remember a time when there was such a shortage of workers," Campbell says.

Campbell's reference to a warlike depletion of employees is an apt one.



Donald B. Campbell



With national unemployment at 5 percent — a 16-year low — and the number of young, entry-level workers diminishing, food-service operators are fighting other retailers for a dwindling supply of available labor. The market condition translates into more than 200,000 jobs being unfilled, annually, according to a National Restaurant Association study.

Operators are looking at alternative sources to shore up staff shortages and finding some success in hiring the senior worker, the handicapped, and even installing high-tech equipment that replaces humans.

It's a familiar story, but a growing phalanx of diverse operators are starting to add an unconventional perspective. Like prosecutors ripping apart a suspect's alibi, they are charging that the employment woes within the food-service industry were created by the industry, brought on by an intractable resistance to minimum-wage hikes and a failure to appreciate the importance of upgrading the negative image of the entry-level job.

One person leading the new view is Herman Cain, president of Godfathers Pizza. He doesn't ascribe to the conventional view that the industry is in a "labor crisis."

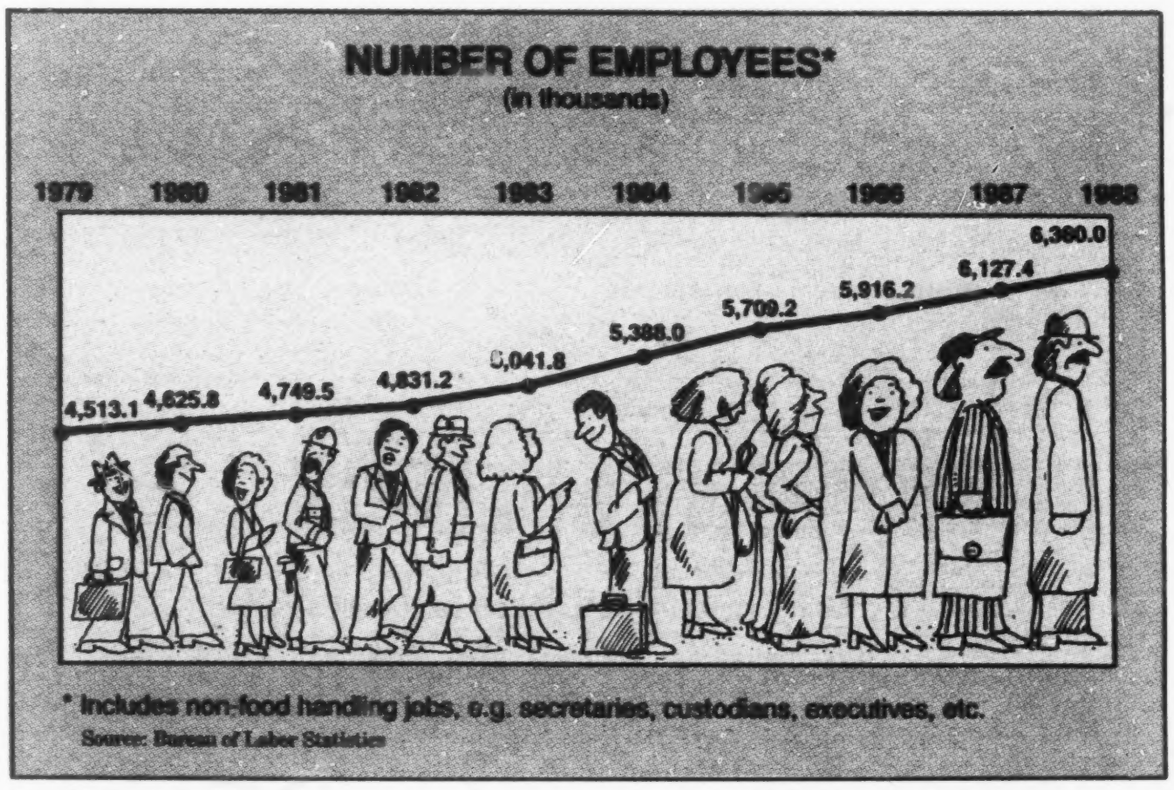
"We have an industry image problem that was never addressed during the high growth periods of the 1970s and 1980s," Cain says. "There was a feeling that if one worker left, there was always another to fill that position.

"Because of lower unemployment, workers have more options available to them."

Cain suggests that the problem is so severe it may require individual restaurants to solve the employment quagmire in there own way.

Mario Sbarro, president of the rapidly expanding New York pizza and Italian chain, agrees with Cain's assessment and similarly takes the industry to task for being shortsighted.

"We've got to raise wages, and we've got to attract more young people," Sbarro said. "Right now young people see working in this industry as a second- or third-rate opportunity depending on the person's level of need.



"The age of the part-timer seems to be fading. We have to begin talking about improved compensation, bonus, and benefits for hourly employees. If I had children growing up now, I wouldn't want them to enter this business."

Sbarro says the challenge really hit home recently when his daughter, who is in college, landed a part-time job at a bank, earning $7.50 an hour.

"How do we compete with that?" he asks.

But it's not just the multiple unit manager or top chain executives who are challenging the industry's resolve. Some independents charge that permitting employees, particularly kitchen help, to work 60 and 70 hours a week, breeds turnover and burnout.

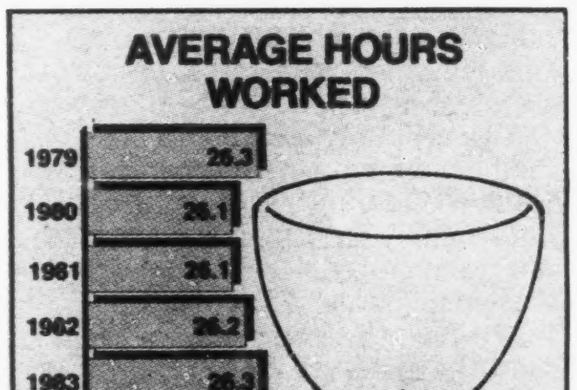
Lawrence Parachini, founder and owner of L.C.'s Woodhouse, a fine-dining, Continental-cuisine restaurant in Allendale, N.J., attributes a low turnover rate among his 30 employees to flex-time and limiting them to just 40 or 50 hour a weeks. He said it took nearly a lifetime of working in the industry to realize a major cause of rampant turnover is an overworked employee.

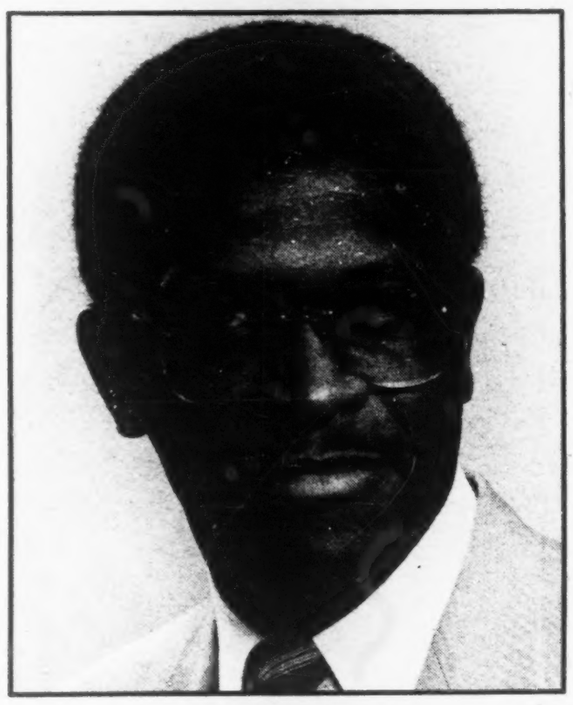
A Midwestern regional manager for one of the major hamburger chains blames the industry for a different reason. Agreeing to be interviewed only if neither he nor his chain is identified, the manager suggests that his company and its competitors "don't give the hourly, young person the feeling that we want him to stay."

He says fast-food operators have to face the prospect of higher operating costs and new labor costs — day care, for example — in order to survive in the future.

"We've gotten so accustomed to a high turnover rate that we just accept the fact that a new hire will be gone within 100 days," he says. "It's like going to the doctor and finding out you have terminal cancer. Well, rather than live life the best way you can for the time you've got, you throw in the towel and say, 'Why bother?'"

"I think that if we held out some inducement in the form of higher wages, tuition support, maybe even day care (you know how many teen-age mothers would love working if they knew their employers gave them some kind of day-care allowance?), we might turn this situation around."

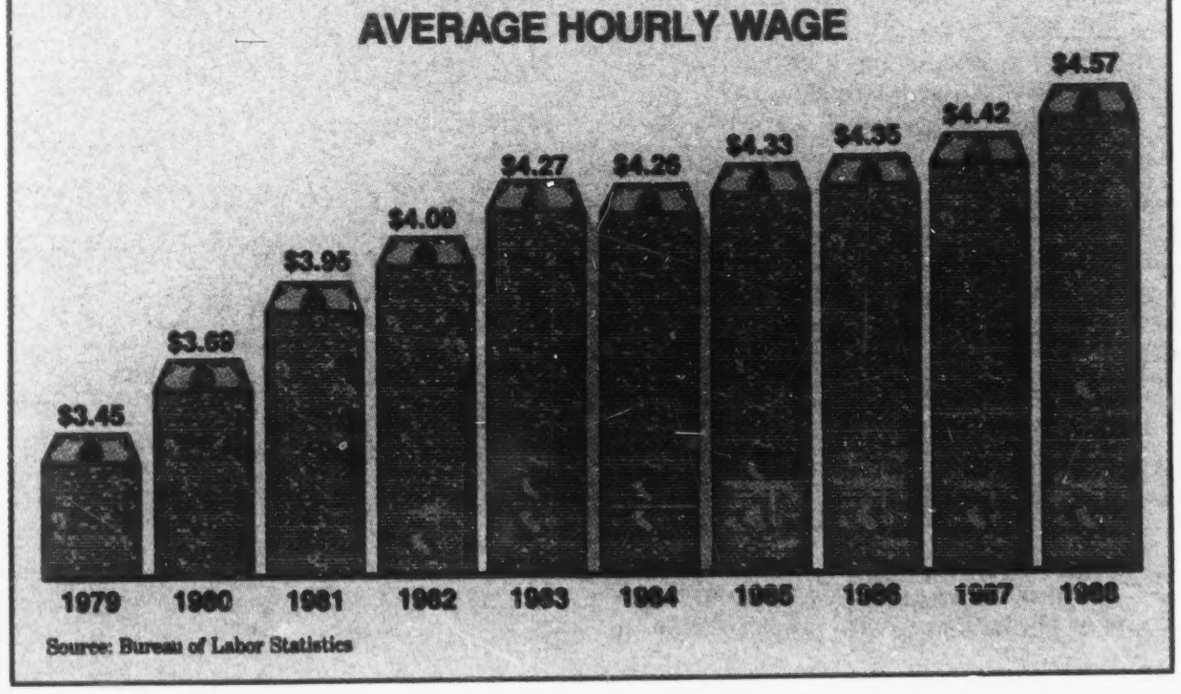




Herman Cain

The argument among those preaching the new gospel that the minimum wage has to go up in order to

*(See **EMPLOYMENT**, page F18)*



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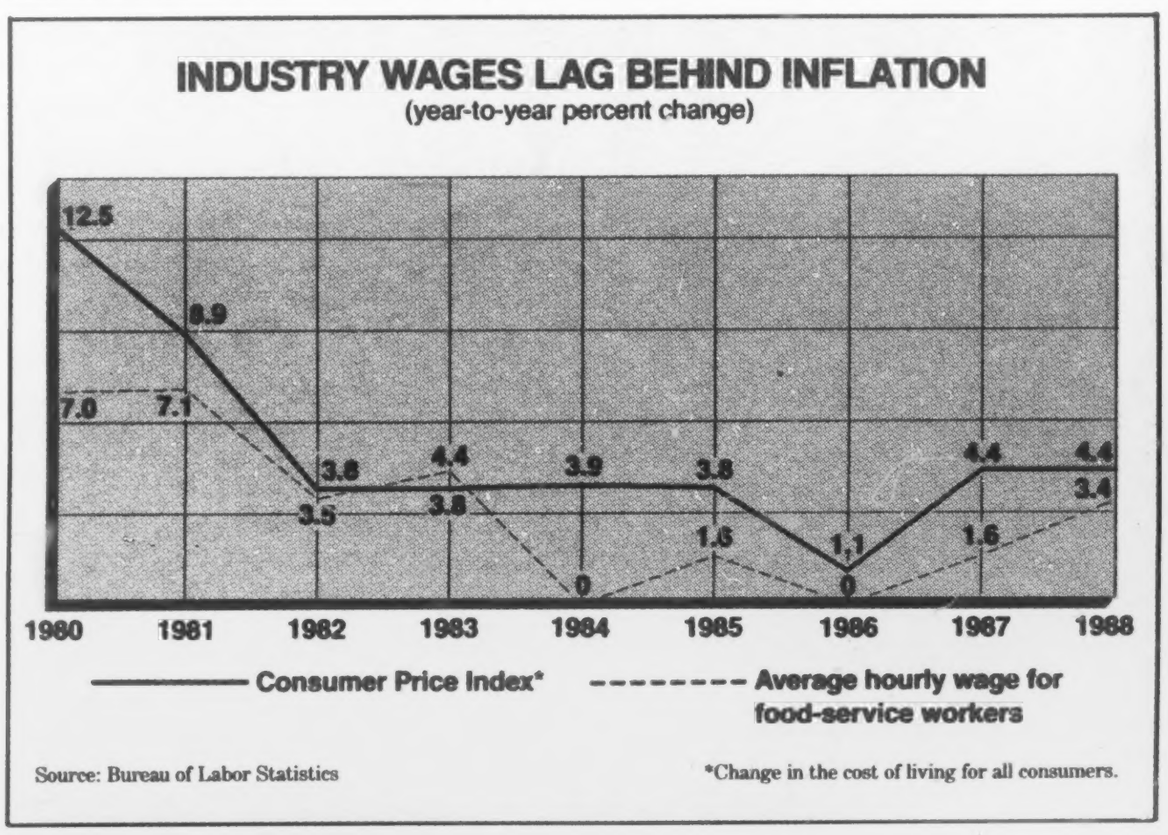
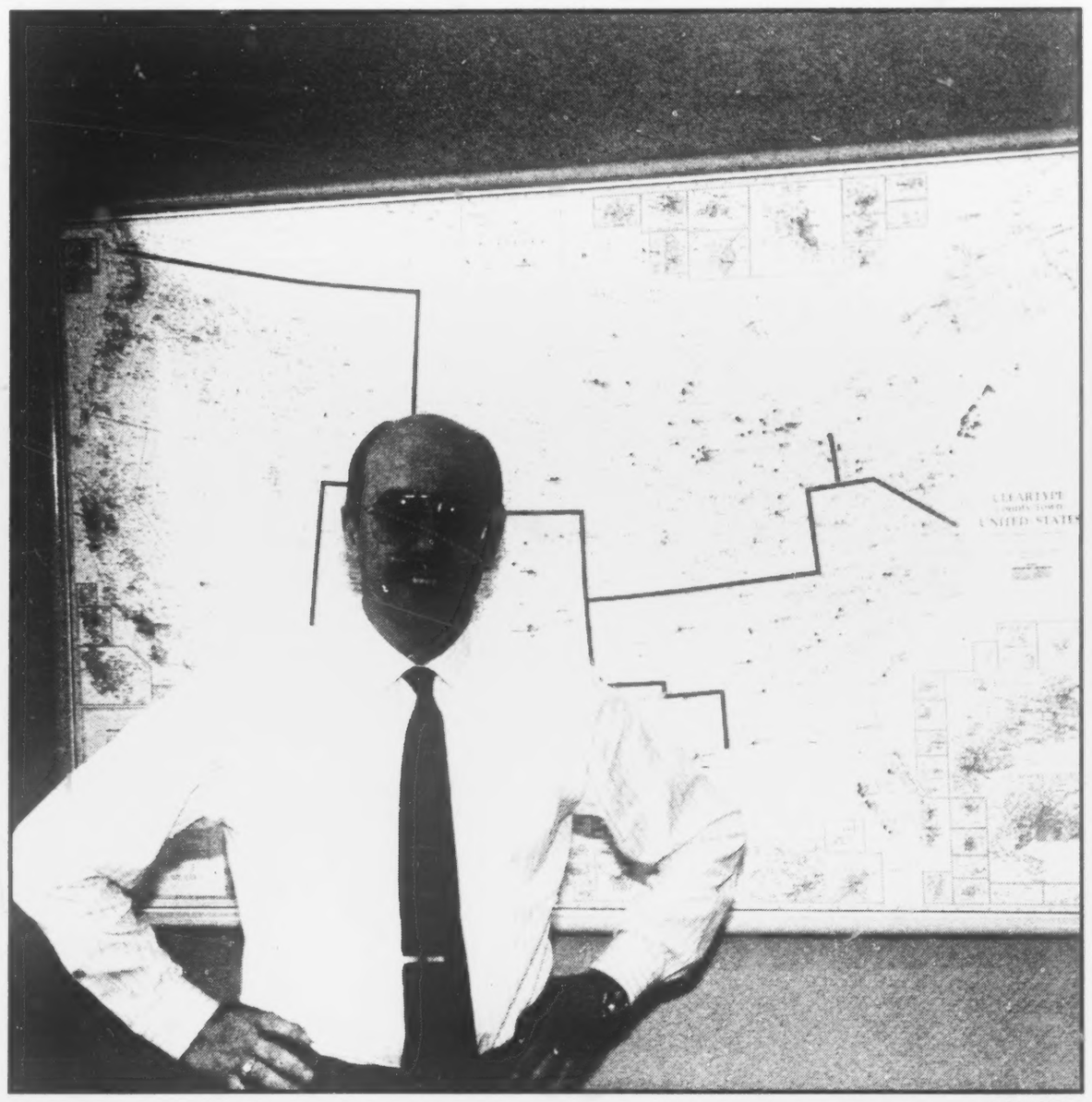




NRN Photo

Mario Sbarro, Sbarro president, stands by map pinpointing unit locations.

EMPLOYMENT OUTLOOK

(Continued from page F17)

attract workers is a faulty thinking to the NRA.

"Minimum wage hikes hurt employees and employers alike," says Ann Papa, a representative for the NRA. "You get an increase in labor costs, but you don't get an increase in labor. It's been historically proven that minimum-wage increases hurt the people it is designed to help.

"We certainly have no problem with people making more money. But we think the marketplace should determine what the wage should be, not government."

Glenn Cowles, a hotelier and independent restaurateur, agrees with the NRA position. Cowles, who operates the Holly Inn and GJ Platters Restaurant, both in South Haven, Mich., said the last time wages were increased, which showed up in menu prices as well, an immediate 15 percent falloff in covers occurred.

"In a small market like ours, the minimum wage has a major impact on the kind of business we do," he pointed out.

While most of the discussion on industry employment is often focused on the hourly worker, some companies are starting to encounter stumbling blocks recruiting executives and college graduates, further evidence, some argue, of the industry's failure to promote career possibilities.

"The contract food-service area is struggling with campus recruiting," says Kark Snepp Jr., vice president of human resources for ARA, Philadelphia. "I've participated in campus recruitment activities at the hospitality schools, and the graduates just have not perceived food-service management as something they want to do."

Snepp, whose company rarely hires teen-agers and opts for older workers for a variety of reasons, says that even ARA's preferred applicants are hard to find, as they, too, are in the tugging war with other retailers.

Some argue that the lingering specter of bias within the food-service sector further complicates attracting workers to the industry.

In an NRA symposium held in Washington in January, job-placement specialists chastised both operators and employees for indulging in a number of subtle but prejudicial tactics that drive minority and women workers away.

The intended purpose of the symposium was to acquaint operators with methods they could use to recruit more people from certain demographic groups.

Instead, the conference turned into a no-holds-barred look at how stereotypes — among employers and employee — hurts both.

More recently, the hoteliers began examining the relationship between prejudice and the shortage of available labor.

Marcia Rafig, general manager of the Penn Hotel, Philadelphia, who says she is one of only 13 black general managers in the industry, argues that a lack of black executives in the lodging and hotel industry prevents hoteliers from appreciating the wide market potential of black travelers and is therefore detrimental to business in general.

One rarely examined aspect of the labor shortage and one that draws as many viewpoints as the problem itself is the degree to which a dearth of workers could stifle a company's expansion goals and, eventually, an entire industry's.

Ann Powell, communications manager for General Mills, operators of the rapidly expanding Olive Garden and Red Lobster, says growth-oriented companies create their own gravity and draw workers who are attracted to more rewarding career possibilities.

"A growing company just has more opportunities to offer workers," she says. "We're not affected by the labor shortage because we're growing so fast."

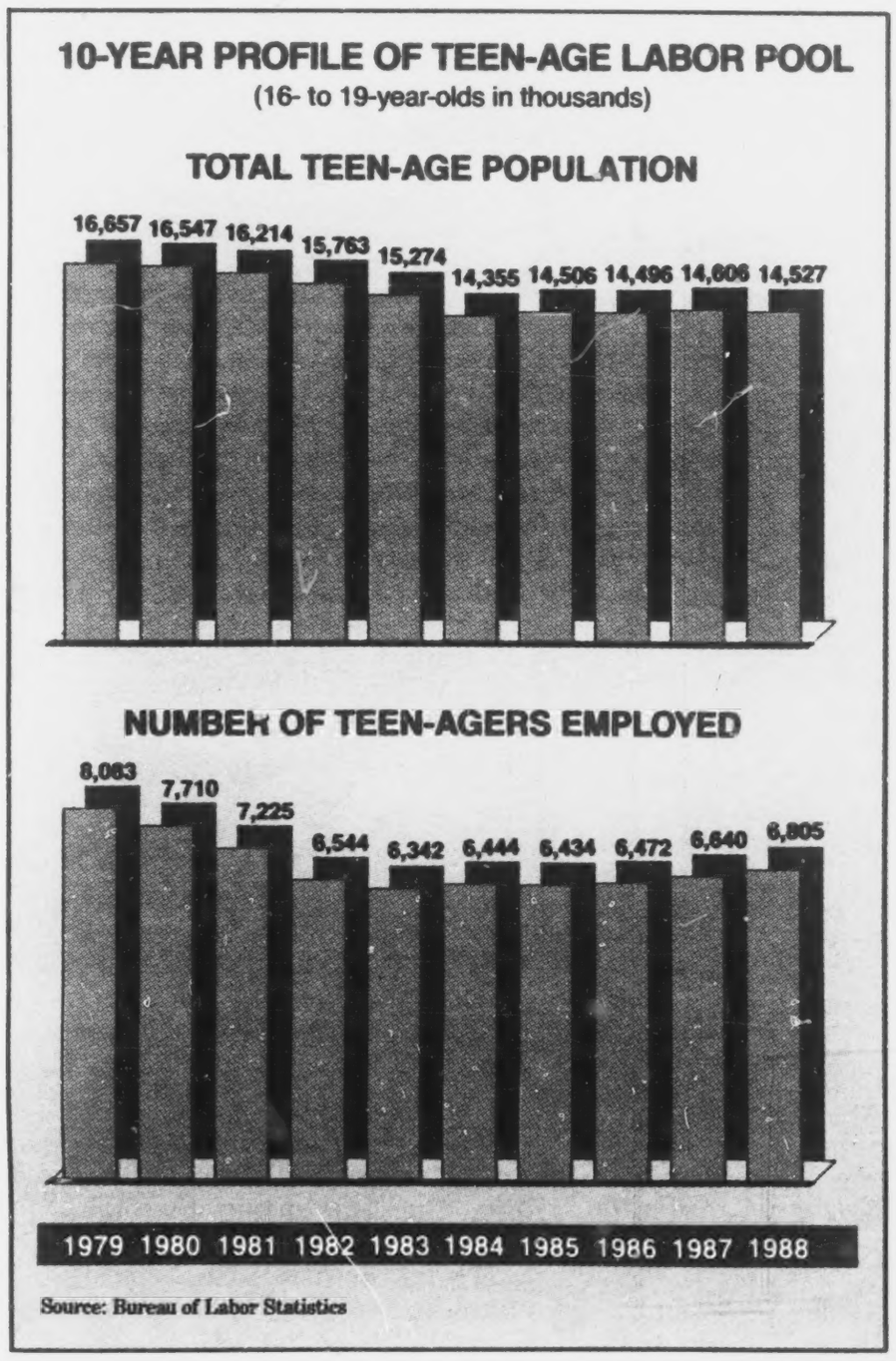
Campbell, the Kentucky Fried Chicken franchisee president in Cleveland, is not so encouraging.

"Unless you're blind, the labor shortage has to impact on the growth of any company," he says.

"This is a people-driven business, and if there are fewer people, how do you grow?"

Karl M. Snepp

'I've participated in campus recruitment activities at the hospitality schools, and the graduates just have not perceived food-service management as something they want to do,' says Kark Snepp Jr., vice president of human resources for ARA, Philadelphia.



FOCUS | LABOR CRISIS

TARGETING MINORITIES

Low pay, discrimination, 'dead-enditis', and a lack of role models are a deterrent

By Richard Martin

As the once-overflowing pool of immigrant labor dries up, hospitality employers in growing numbers are viewing the largely untapped ranks of blacks, Hispanics, and other minorities as potential solutions to the industry's worsening labor shortage.

But minority-rights activists and food-service professionals say the industry suffers from deep-rooted and divisive image problems that are likely to hamper the incipient movement to recruit more minority workers.

The absence of career role models to attract prospective minority employees is one major shortcoming for which food-service firms are blamed.

"As we see role models developing in the industry, we're trying to do more to point them out," says Jim Peterson, National Restaurant Association president. "It is going to be terribly important for minority groups to have role models to follow."

However, presumptions that the industry is rife with racial discrimination may continue to exist because of the glaring dearth of management and executive posts currently held by minorities.

"Women and minorities are not being given the opportunity to come into the hospitality field," asserts Marcia Rafig, general manager of Philadelphia's Penn Tower Hotel and one of only 13 blacks among the nation's 44,000 general managers of hotels with food and beverage operations.

The role-model vacuum is only one stumbling block affecting minority recruitment. Restaurateurs themselves suggest that the strident and vocal opposition of industry lobbyists to minimum-wage hikes has caused widespread resentment and distrust among minorities.

Dead-end jobs in seemingly servile positions are other obvious obstacles to luring minorities onto restaurants' payrolls. Hospitality firms' failure to pay sick leave and other benefits, which are offered by other institutional employers, also causes minority workers to shun jobs in food service.

The industry's public-relations problem with minorities is likely to get worse before it gets better.

Last month, in what was described by the prosecuting NAACP Legal Defense Fund as the largest private employment discrimination suit in history, the 30-state Shoney's Inc. system of more than 1,500 restaurants was charged with a systemwide "antiblack" policy.

The class action, certain to attract reams of unflattering publicity as it unfolds in federal court, revolves around allegations by former black and white employees that Shoney's resorted to firings and hiring quotas to limit the employment of blacks and that it fired white supervisors who refused to carry out the "hostile, racist" policy.

The suit also alleges that blacks were routinely passed over for promotions and were usually assigned to the lowest-paid positions away from contact with the public.

Despite Shoney's denial of the charges, the case is likely to be viewed as another instance of the manpower-strapped restaurant industry shooting itself in the foot.

Obviously, the aura of bigotry and discrimination projected by the Shoney's suit is unlikely to encourage young blacks to consider careers in food service. Ironically, blacks may hold a key to refilling the industry's draining labor pool.

"Only 42 percent of black teen-agers or young adults are in the work force, as opposed to 60 percent of white teen-agers," Stephanie Robinson of the National Urban League told a National Restaurant Association labor conference in January. Moreover, "contrary to public opinion, Afro-American blacks want to work," Robinson says.

Indeed, the Shoney's suit asserts that it was "difficult" for supervisors to comply with alleged demands for a 30-percent-black hiring limit "because blacks applied for the available positions in much greater numbers than whites." Still, jobs carry with

(Continued on page F36)

'As we see role models developing in the industry, we're trying to do more to point them out. It is going to be terribly important for minority groups to have role models to follow.'

— Jim Peterson
NRA president

'Only 42 percent of black teenagers or young adults are in the workforce, as opposed to 60 percent of white teenagers. Contrary to public opinion, Afro-American blacks want to work.'

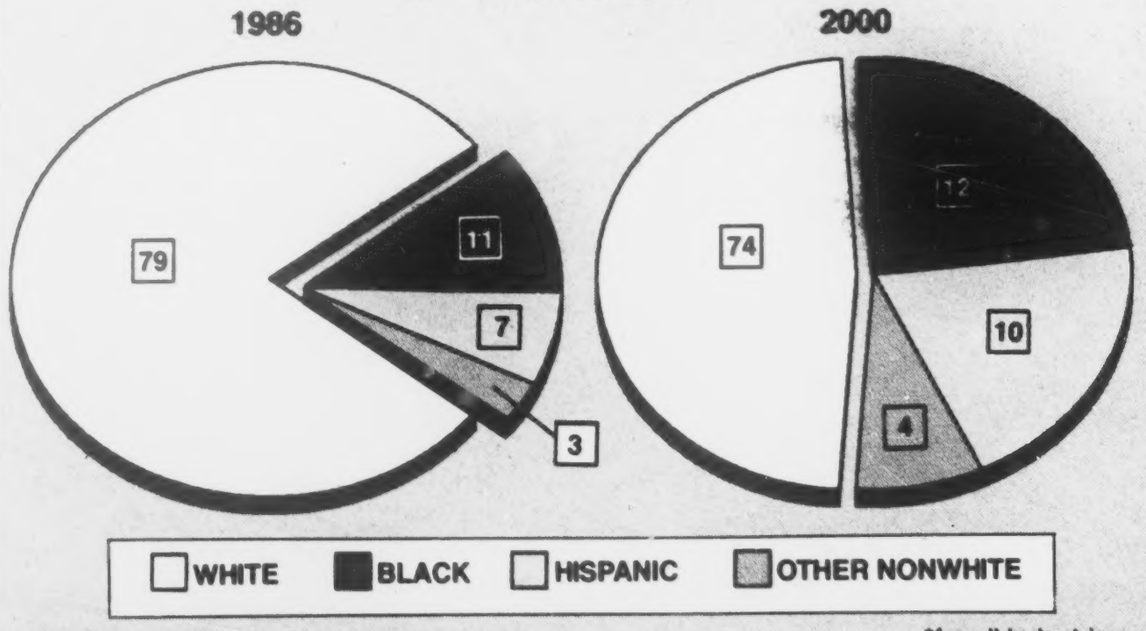
— Stephanie Robinson
National Urban League

Jobs in food service carry with them 'a connotation of "service," and many blacks don't want to be subservient because of all the strife they've gone through.'

— Tom Costello
Management consultant, professor at California Polytechnic University's hospitality management school in Pomona

THE CHANGING LABOR FORCE*

(by race, in percentages)



Source: Dept. of Labor, Bureau of Statistics

*for all industries

'Women and minorities are not being given the opportunity to come into the hospitality field. Most minority people employed in hotels are in housekeeping or back of the house positions.'

— Marcia Rafig
General manager of Penn Tower Hotel in Philadelphia

FOCUS | LABOR CRISIS

EMPLOYMENT BY RACE AT US EATING AND DRINKING PLACES

	1983	1984	1985	1986	1987	1988
EMPLOYEES (in millions)	4.875	5.095	5.244	5.312	5.423	5.480
BREAKDOWN BY RACE (in percentages)						
White	80.7	N/A*	N/A	N/A	N/A	N/A
Black	8.5	9.7	10.1	10.3	10.9	10.3
Hispanic	6.3	6.8	7.9	8.2	8.6	9.9
Other non-white	4.5	N/A	N/A	N/A	N/A	5.1

* N/A signifies unavailable information.
Source: Dept. of Labor, Bureau of Labor Statistics, Current Population Survey.

MINORITIES

(Continued from page F32)

them "a connotation of 'service,' and many blacks don't want to be subservient because of all the strife they've gone through," says Tom Costello, a management consultant and a professor at California Polytechnic University's hospitality management school in Pomona.

Preconceptions about minorities abound throughout the industry. "Minimum-wage positions very often will continue to be looked down upon by people on welfare," a ranking official of the California Restaurant Association says when asked to explain the co-existence of the food-service labor shortage and high minority unemployment.

Hotel manager Rafig offers another explanation. Industry associations and leading hospitality companies are "still basically run by white males," she explains. Many of those executives believe minority workers, regardless of their ambitions or educational credentials, are best suited to slow-track slots in stereotypical work environments.

"Most minority people employed in hotels are in housekeeping or back-of-the house positions," Rafig asserts. She cites as an example of limited opportunities the fact that in Philadelphia, the nation's fourth-largest city, only one black and one woman hold jobs as food and beverage managers.

Minority management candidates with bachelor's degrees in hospitality management are routinely shunted into housekeeping departments in even the largest and seemingly most progressive companies, Rafig adds.

Calling for the creation of more positive minority role models in management positions, Rafig stresses she is "not talking about quotas or numbers; I'm talking about equal access."

Quoting analyst George Rice, president of GDR/CREST, from a speech he delivered at the International Foodservice Management Association conference, Rafig refers to the "serious undermining of [the industry's] management base." Rafig concludes that, regardless of questions about fairness and equal opportunity, the industry must take a pragmatic stance to cultivate future managers: "If we don't start taking in minorities and women, we're not going to have anyone to manage" businesses, she says.

Self-interest, in terms of the cultivation of a minority clientele, may also help to create employment opportunities for minorities. Such lucrative convention clients as the National Black Bar Association and other free-spending minority groups of doctors, lawyers, and educators "are going to demand to know about [hotels'] affirmative action plans, especially how many minority workers are in management positions," Rafig predicts.

Although the hospitality industry may be squandering opportunities to reach out to blacks, it has been able to tap the Hispanic population as a dynamic human resource. Particularly in California, Hispanics "are the backbone of the industry in all hotels and restaurants," says Cal Poly professor Costello.

According to Department of Labor figures, Hispanics account for the fastest-growing segment of workers in food service. Moreover, while the nation's white population ages and its traditional entry-level resource of young people diminishes in many regions, the average age of the booming Hispanic population is declining, with half currently below 25 and one-third under age 18.

What's more, California, Texas, Florida, Illinois, and New York are expected to enjoy growth in the ranks of young workers because of the fact that 87 percent of the nation's Hispanic population resides in those states.

Addressing the National Restaurant Association's recent labor conference in Washington, D.C., Siobhan Nicolau of the Hispanic Policy Development Project sought to dispel pervasive stereotypes about Hispanic workers. "The majority of young Hispanics are native-born, which means we *do* speak English," Nicolau said. Moreover, "Hispanics work more hours while they are going to school than any other group in the United States, and more young Hispanic males hold down full-time jobs when they are in high school than any other group."

NRA president Peterson said his Whataburger chain often has problems promoting Hispanic employees into management jobs "because of the employees' lack of desire to go any further" than hourly positions. Rather than become managers, Peterson said, "they would rather stay at a level where they feel comfortable."

However, Nicolau said the problem for Hispanics is that "we all imagine we can never get to become the manager. The solution involves the restaurant industry's reaching out to young people as early as middle school."

A report by the National Institute for Work and Learning concluded that Hispanics, unlike other young fast-food workers, voiced desires to make careers in the restaurant industry if only they could see that careers existed.

In the same vein, Nicolau urges hospitality employers to offer Hispanics more role models. "Show them that there is light at the end of that tunnel," she says. "Our problem is believeing we can't get up there to manage those restaurants."

Language barriers, negative attitudes discourage minorities

By Richard Martin

LOS ANGELES — Does "machismo" prevent proud, young Hispanics from seeking jobs as paper-hatted burger flippers?

Do peer pressures among inner-city youths — and urban gangs' lucrative involvement in drug sales — restrain significant numbers of minority workers from seeking restaurant jobs?

Clear, unassailable answers to those questions are elusive. So are simple means to close the language and culture gaps that persistently separate hospitality employers from segments of the minority labor pool.

Other questions persist: Are minorities kept from food-service employment by foreign-language dependencies and functional illiteracy? Do disadvantaged ethnic groups disdain entry-level jobs in food service because those positions smack of historical subservience?

Intuitively, operators sense the answer to those questions often is yes. But some restaurateurs are helping minority workers solve job-access problems. In return for such aid, minority employees reward those bosses with longer-than-average stints on the job.

'If you take care of your people they'll stay with you,' Franks adds. 'If you have the attitude that minorities are a cheap way to meet your labor needs, you're fooling yourself.'

Restaurateurs Michael Franks and Robert Bell, co-owners of Chez Melange in Redondo Beach, Calif., covered the costs for lawyers for their 15 Hispanic employees who needed help qualifying for immigration amnesty. "Those employees, including many who've been with us for the six years since we opened, are still with us today," Franks says.

"If you take care of your people they'll stay with you," Franks adds. "If you have the attitude that minorities are a cheap way to meet your labor needs, you're fooling yourself."

Michael McCarty, owner of the award-winning Michael's restaurant in Santa Monica, Calif., still benefits from an unusual career opportunity he extended some five years ago. After New York-bound celebrity chef Jonathan Waxman decamped from Michael's, McCarty appointed the talented Martin Garcia, a former dishwasher at Michael's, as the restaurant's chef. Garcia is now corporate chef over McCarty's three restaurants in Santa Monica, Calif., Denver, and Washington, D.C. He'll be involved in bringing the Michael's style to the restaurant's forthcoming New York branch.

"I see smart people as a minority," McCarty explains. "No matter who they are, if workers can do the job, they should have the chance."

Company-owned Sizzler Restaurants in Los Angeles also cultivate their Hispanic human resources to good advantage. "A lot of our managers are Spanish-speaking or of other ethnic groups," says company president Tom Gregory. Some of Sizzler's regional vice presidents are Hispanic, too, Gregory adds.

The hiring patterns at Sizzler reflect the diverse ethnic population of Los Angeles, where all racial groups, including whites, are minorities. "Inadvertently, without even trying, we hire a lot of minorities," Gregory notes. "In our business, certainly at the entry level, there's absolutely no discrimination."

However, language differences require that employers use certain techniques to fully assimilate minority workers. "Most of our training programs are [televised] on laser disc, so trainees don't have to be particularly literate" to comprehend work routines, Gregory said. "Many back-of-the house workers speak no English, but that doesn't stop them," he adds.

At an operation like Sizzler, workers who don't speak English can graduate to the front of the house — if not as servers then as salad bar attendents earning $6 or more an hour. "And they're usually very good," Gregory notes.

Unfortunately, the kind of graphic training aids Sizzler uses is not always available. "We recently showed a Department of Agriculture film on sanitation, and it and the support materials with it were in English," says Chez Melange's Franks, whose 93-person staff is about one-third Spanish-speaking. "If the film had been in Spanish, it would have been doubly helpful."

Problems experienced in the immigrant mecca of Los Angeles, which also has large American-born Hispanic and black populations, may shed some light on the emerging task faced nationally by employers trying to assimilate minorities into their work forces.

Difficulties in the Los Angeles school system are one factor that may dramatically affect the future labor pool of the Southern California hospitality industry. White students as a percent of the total student enrollment have declined since 1970 from 50 percent to 16 percent, and Los Angeles schools currently are unable to deal adequately with an enrollment that speaks 81 different languages — sometimes 20 in the same classroom.

The fact that many minority students, all of them potential hospitality workers, graduate from high school with less than adequate communications and arithmetic skills is not surprising. For their part, restaurateurs here stand to suffer because of limits on their ability to tap the ranks of prospective entry-level workers.

"It's a broader issue than whether you're trying to hire minorities or not," explains Sizzler's Gregory. "Often it's a question of 'unemployed' vs. 'unemployable.'"

FOCUS | LABOR CRISIS

GOOD PLACES TO WORK

Operators stop high turnover with employee involvement

By Jack Hayes

In 1903, George Bernard Shaw wrote a play about marriage that would turn the heads of many restaurant owners today.

Candida, the beautiful heroine of that play, struggled to choose between her husband and her lover, eventually discovering it takes dignity to make a relationship work.

Operators who are winning the battle of high staff turnover — which is more like a war of broken relationships — may be learning from employees that dignity is also important in the workplace.

At McGuffey's, for example, a five-unit casual operation based in Asheville, N.C., painful turnover came to a dramatic halt after management began allowing the staff a real say in the day-to-day business of serving customers.

And at The Ritz-Carlton, where 3,500 food and beverage employees are called "ladies and gentlemen" by a president who dines and jokes with kitchen cooks, it's not surprising that turnover stays below 30 percent in 12 hotels.

But even in the fast-food segment, where turnover, according to industry statistics, remains at alarming levels, operators are realizing that employees work for more than just money.

Hardee's Food Systems, for example, just launched a 10-store test program to pay a portion of child-care assistance for employees based on the length of time they've been with the company.

Labeled "Small Fries," the new program gives from $20 to $30 a week directly to approved child-care centers, benefiting workers at every level, from assistant manager to crew, who use child care.

Admittedly involving an expenditure up front, the Small Fries effort hopes to pay off in better retention, something all fast- food operators seem to be desperate for, to the degree it sets Hardee's apart from competitors not "caring as much."

"I'm no more important than a waiter," says Ritz-Carlton president Horst Schulze, who claims his goal is an environment where employees "belong" rather than just "work for."

Managers at Ritz-Carlton say that Schulze has a 24-hour-a-day open-door policy when it comes to handling staff problems.

"Caring is the exception that really works in this industry," adds Keith Dunn, president and chief executive of McGuffey's and 1989 North Carolina Restaurateur-of-the-Year.

With its newest restaurant, in Knoxville, Tenn., open less than a month, McGuffey's continues proving that employees, like spouses, remain loyal to the extent that they are loved and given a voice.

"The No. 1 motivator of people is recognition," says Dunn, who has neither office nor secretary and spends 100 percent of his time inside the restaurants.

One of the things McGuffey's 400 people realize from day one is that they are part of a family that sees and rewards performance. Dunn himself spends three hours with new staff members, and peer evaluations continue every two months.

At the Ritz-Carlton, advancement potential is considered just as crucial to staffers who either move up in the same hotel or transfer as properties are opened in new markets.

"Labor is your highest cost," admits Herve Jean-Louis Humler, corporate food and beverage director for the Ritz-Carlton. "But when labor is happy, it becomes efficient, productive, and profitable."

"We saw this labor shortage coming," adds Dunn, who claims his operational success grew from a turnaround in philosophy after he and vice presidents Michael Brandson and Richard Liabson toured restaurants across the Southeast for ideas on curing turnover.

One of their discoveries was that restaurant managers can't work 70-hour weeks indefinitely, regardless of the pay. So every shift at a McGuffey's restaurant has four managers on duty: two in the kitchen and two in front.

"Decent working conditions make the difference," says Dunn, whose managers earn less than those at Chili's and Bennigan's but also get less burnt out and stay with the company longer.

At the same time McGuffey's pays big bonuses and gives incentives to staffers who contribute to profitability. Management bonuses are 10 percent of company profits. All managers have health club memberships.

Hourly employees get paid vacations, paid medical and dental insurance, and also profit sharing as well as two dozen other perks like free shift meals and the right to buy appetizers, drinks, and desserts for guests.

Every year half of McGuffey's management staff gets an all-expenses- paid trip to Chicago to attend the National Restaurant Association Show, just one of a dozen and a half monetary investments the company began making in 1987.

BETTER TRAINING TOPS LIST OF LABOR SOLUTIONS
(percent of managers taking action)

	Already done	Expect to do
Improve training	40	32
Increase starting wages	32	24
Improve benefits	18	21
Expand recruiting	16	23
Increase hours worked	16	17

Source: National Restaurant Association Gallup Survey, 1988

Bob Evans' pay package aims to develop managers 'roots'

By Peter Romeo

COLUMBUS, Ohio — After watching labor costs slice restaurant profit margins by a full percentage point, the Bob Evans chain is fighting back with a new compensation program for its unit managers.

The revamped pay package aims to curtail turnover by fostering the community ties that can gently bind a store chief to a location. By encouraging managers to set down roots, Bob Evans is also striving to brake the changeover of hourly unit staffers.

"Research shows that the key to stabilizing turnover of our hourly people is keeping the manager in place," says Victor Argobright, vice president and director of operations for the 221-unit family-restaurant chain. "Our turnover rate for unit managers is 15 percent. We want to bring that down to 10 percent."

The approach aims a hammer blow at the widely followed practice of dispatching seasoned unit operators to revive a faltering store or bring a new restaurant up to speed.

"Everybody moves their managers around, and we did it, too," Argobright explains. "Our intent now is to stabilize managers at one location in the hope they'll come to identify with the local community. It helps us sales-wise because they come to know the local market well, and it helps them because our manager is usually a family man.

"We hear things all the time like 'We can't buy a house because we move around so much.'"

Under the new compensation package, restaurant managers can boost their pay in two ways: surpassing sales quotas by a certain percentage or driving up profits.

"The unique factor is the bonus based on sales," Argobright says. "I don't think anyone in our business [segment] has paid for top-line performance."

*(See **BOB EVANS**, page F50)*

BK franchisee fights turnover with day care

By Carolyn Walkup

GRAND RAPIDS, Mich. — A 19-unit Burger King franchisee has attracted a stable work force through a variety of employee incentive programs led by free child care for working parents.

When the traditional part-time labor market of 16 to 24-year-olds began to dwindle a few years ago, the franchisee, B.B.D. Business Consultants, headed by Daniel Trierweiler, polled its employees for ideas on attracting and keeping new workers. "We found that the biggest potential for employees was young mothers. Their No. 1 concern is adequate, affordable child care," says Jayne Thome, B.B.D. human resource coordinator.

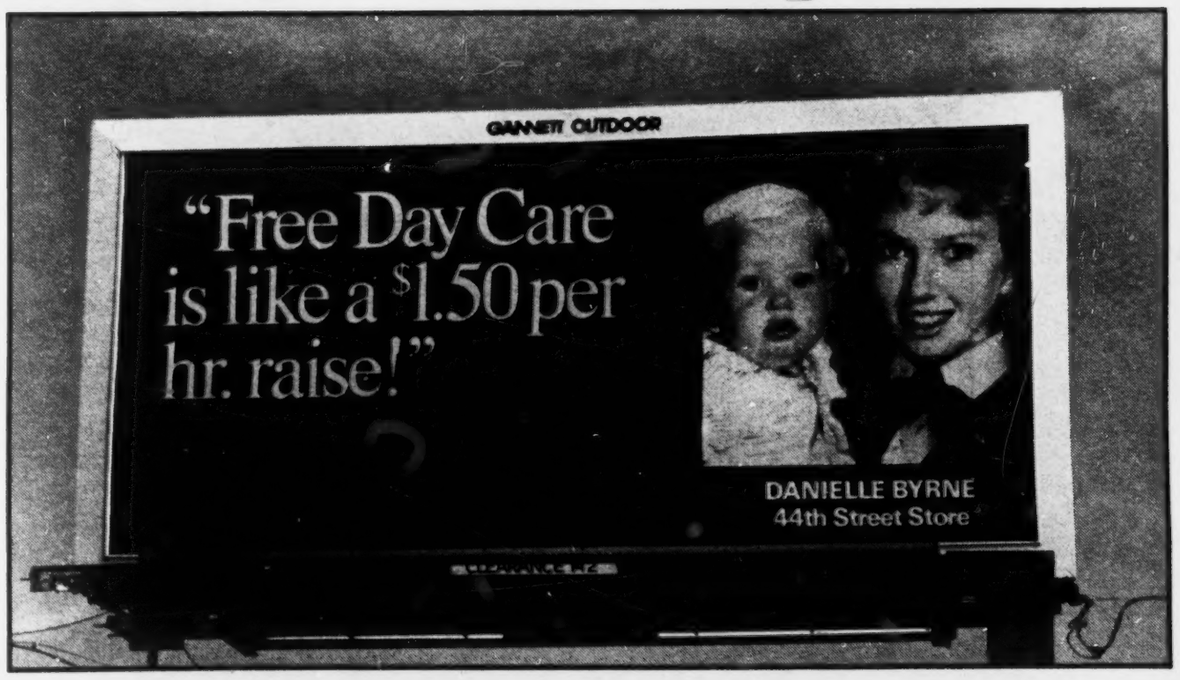
B.B.D., under the leadership of Stuart Ray, director of operations, started a pilot free day-care program at two of its northern Michigan restaurants in 1986. "It was very well received, so we put it in all of the restaurants," Thome said.

Of the 115 new employees in the past year who are parents, 103 applied for jobs because of the child-care benefit, which pays local day-care providers $1.50 an hour. Of those 103 applicants, 70 percent are still employed, and 56 percent of them are single parents, Thome notes.

At one restaurant alone 10 of the 17 employees who work the lunch period are day-care moms. "If it weren't for them, we probably would have to shut the doors," Thome observed.

B.B.D. chose to pay for employees'

*(See **BK**, page F52)*



Billboard advertises Burger King's free day care program.

FOCUS | LABOR CRISIS

JOB CHANGES

New NRN survey reveals supervisors seek more responsibility, opportunity

By Rick Telberg

Although food service is notorious for burdening its managers with long hours and often low wages, front-line supervisors say in a new survey that what they want most is even more responsibility and greater opportunity.

In an exclusive Nation's Restaurant News survey, an overwhelming 85 percent of food-service professionals say opportunity for advancement is their chief consideration in changing jobs.

A company's reputation as an employer ranked second, with 70 percent of those polled saying it was a very important factor in considering a job change. And the overall image of a company ranked third, at 66 percent.

Salary ranked fourth, at 65 percent, and work hours ranked a distant 13th, at 27 percent.

The NRN study, performed by the research department of NRN parent Lebhar-Friedman Inc. in New York, sheds dramatic new light on what drives food service managers to change jobs.

In the study NRN mailed questionnaires to 1,000 store-level or regional managers drawn from the NRN base of subscribers and received 321 responses.

The study also draws a vivid demographic profile of the typical industry manager, his income, and his job-hopping habits.

3 of 10 managers are new

The study found that almost three out of 10, or 28 percent, of all managers had changed companies within the past two years, with turnover highest at independent companies in general and dinner houses in particular.

Specifically, 25 percent of the chain managers are new in their jobs, compared with 36 percent of the independent managers.

By segment, dinner houses lead in turnover, with 43 percent of the managers less than two years in their jobs, compared with a low of 18 percent in fast food, 20 percent in fine dining, 23 percent in business and industry food service, 28 percent at family restaurants or coffee shops, and 36 percent at hotels and motels.

The most recent job-changers also rate money as more important than most managers do.

Of the managers who changed jobs within the past two years, 62 percent agreed that obtaining more responsibility or making an advance was a very important factor. But 53 percent say more money and benefits was very imporant.

Relocation followed at a distant 18 percent, followed by lack of recognition at the former company, 16 percent.

Ten percent say they went looking for a new job because they were laid off or fired from the last one.

The biggest layoffs came in fine dining, where 25 percent say they had been fired. Only 5 percent of the fast-food managers say they had been dismissed.

Flocking to full service

The survey also suggests that, in an overview of all segments, the industry's managers are flocking primarily to dinner houses and fine-dining restaurants.

A full 25 percent of the managers polled say they would prefer to work next in a dinner house, with the biggest defections coming from family restaurants.

Business and industry managers appear the most loyal to their segment, with 91 percent saying that they hope their next job will still be in that area.

Meanwhile, fast-food managers appear the least loyal to their segment, with 46 percent of them saying they want to switch segments.

Most disenchanted fast-food managers want to go into dinner houses or fine-dining restaurants.

About 38 percent of all family restaurant managers say they are unhappy with the segment, with most of them expressing a preference for dinner houses or fine-dining restaurants.

Food-service pro sports new look

The typical food-service professional is not the youthful job-hopper he was 10 years ago.

Today he — it's almost always a "he" — is a 35-year-old married college graduate with only three jobs in his 14 years in the business.

His latest position has lasted more than four years, and he is earning well over $40,000 a year.

The profile emerges from demographic data obtained in the exclusive Nation's Restaurant News survey of job-change attitudes among food-service professionals.

What follows are thumbnail sketches of the industry's profesionals, by segment.

FINE DINING

Age: 32.2 years, the youngest group in the survey.

Income: $39,700 a year, the least.

Education: Only 25 percent have college degrees. Another 25 percent have had some college. But a hefty 10 percent have advanced degrees.

And *(See NEW, page F56)*

HAVE YOU CHANGED JOBS IN THE LAST TWO YEARS? (Overall, in percent)	
No	72
Yes	28

(Chain vs. independent, in percent)		
Type of company	Yes	No
Independent	36	63
Chain	25	75

(By job title, in percent)		
Job title	Yes	No
Unit manager	35	65
Regional manager	17	82

WHY WOULD YOU CHANGE JOBS? (Asked of all managers, in percent)	
Advancement opportunity	85
Company's reputation as employer	70
Company's overall image	66
Salary	65
Health, insurance benefits	63
Company's financial stature	61
Relocation assistance	52
Experience to be obtained	51
Bonus program	47
Job location	39
Availability of training programs	35
Type of restaurant*	34
Work hours	27
Non-monetary recognition**	20
Size of company	10

* I.e.: fast food or dinner house
** I.e: awards

WOULD YOU CHANGE SEGMENTS? (Percent answering yes, by segment)	
Fast food	46
Family restaurant	38
Hotel, motel	29
Dinner house	23
Business & industry	9

HOW LONG HAVE YOU WORKED IN THE INDUSTRY? (By segment, in mean average years)	
Hotel, motel	17.6
Business & industry	16.0
Family restaurant	14.2
OVERALL AVERAGE	14.2
Dinner house	13.4
Fast food	12.7
Fine dining	10.6

HOW LONG HAVE YOU HAD YOUR CURRENT JOB? (By segment, in mean average years)	
Family restaurant	5.3
Business & industry	4.4
OVERALL AVERAGE	4.2
Fast food	4.1
Hotel, motel	4.0
Dinner house	3.3
Fine dining	3.0

HOW MANY FOOD-SERVICE COMPANIES HAVE YOU WORKED FOR? (Average, by segment)	
Hotel, motel	4.6
Dinner house	3.7
OVERALL AVERAGE	3.2
Family restaurant	3.1
Business & industry	2.8
Fine dining	2.7
Fast food	2.7

HOW OLD ARE YOU? (Mean average years, by segment)	
Business & industry	39.0
Hotel, motel	38.8
OVERALL AVERAGE	35.7
Fast food	34.8
Family restaurant	34.8
Dinner house	33.3
Fine dining	32.2

Source: Nation's Restaurant News

More from the NRN survey

More charts from the survey on job changes appear on page F56

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THE NEW PROFESSIONAL

(Continued from page F54)
another 10 percent is a culinary school or hotel, restaurant, and institutions school graduate, the highest proportion of specialized training in the survey except for hotel food-service managers.

Years in current job: 3.0, the lowest.

Industry experience: 10.6 years, also the lowest.

Number of jobs held: 2.7 years, again the lowest.

Segment preference: These may be the happiest managers in industry, second only to business and industry managers. A full 80 percent say they want to remain in fine dining.

BUSINESS & INDUSTRY

Age: 39 years old, the oldest in the survey.

Income: $48,600 a year, the highest in the survey.

Education: With 9 percent holding advanced degrees, B & I managers are among the best educated people in the industry. Another 45 percent have undergraduate degrees, and 27 percent have had at least some college.

Years in current job: 4.4 years.

Industry experience: 16 years, second only to hotel food-service managers.

Number of jobs held: 2.8, one of the most stable in the survey.

Segment preference: An overwhelming 91 percent say they hope their next job will be in B & I. The rest are split between wanting to work in fine dining and in dinner houses.

THE FOOD-SERVICE PROFESSIONAL
(A statistical profile)

- Male.
- 35.7 years old.
- Married.
- College educated.
- Annual salary: $43,200.
- Experience in the food service industry: 14.2 years.
- Tenure with current employer: 4.1 years.
- Number of companies worked for: 3.2

Source: Nation's Restaurant News

FAST FOOD

Age: 34.8 years old.

Income: $41,700 a year.

Education: The second best-educated group in the survey. Forty-four percent have college degrees. Another 32 percent have some college.

Years in current job: 4.1 years.

Industry experience: 12.7 years.

Number of jobs held: 2.7, among the fewest in the survey.

Segment preference: Only 54 percent say they would make their next job fast food, the lowest satisfaction rate in the survey. Of those who want to change segments, the top preferences are almost tied at dinner houses, with 11 percent; fine dining, at 10 percent; and business and industry, 9 percent.

DINNER HOUSE

Age: 33.3 years old. Only fine-dining managers are younger.

Income: $40,700 a year. Again, only fine-dining managers earn less.

Education: 46 percent are college graduates, and 21 percent have some college.

Years in current job: 3.3.

Industry experience: 13.4 years.

Number of jobs held: 3.7.

Segment preference: A strong 77 percent are happy with dinner houses. But another 15 percent say they would like to shift to fine dining. Seven percent say hotels.

FAMILY RESTAURANT

Age: 34.8 years old.

Income: $43,000 a year.

Education: The lowest number of college graduates in the survey, 22 percent. Forty percent have some college.

Years in current job: The highest tenure in the survey, 5.3 years.

Industry experience: 14.2 years.

Number of jobs held: 3.1.

Segment preference: Almost two-thirds, or 62 percent, would take their next jobs in the same segment. But 21 percent would prefer a dinner house and 7 percent fine dining.

HOTEL, MOTEL

Age: 38.8 years old.

Income: $41,600 a year.

Education: More college graduates in this group than in any other, 50 percent. The highest proportion of advanced degrees and specialized training, 14 percent each. Another 14 percent have had at least some college.

Years in current job: 4.0.

Industry experience: 17.6 years, the longest of all groups in the survey.

Number of jobs held: 4.6, also the highest.

Segment preference: Some 71 percent say they are happy with hotel food service. But they would consider a dinner house, a business and industry location, or a private club.

NRN Photo

Donald I. Smith, right, Westin Hotels Distinguished Professor, presents award plaque to Jackie Trujillo, president of Harman Management's Kentucky Fried Chicken units and a featured speaker at WSU conference.

HAVE YOU CHANGED JOBS IN THE PAST TWO YEARS?
(By segment, in percent)

Segment	Yes	No
Dinner house	43	57
Hotel, motel	36	64
Family restaurant	28	72
Business & industry	23	77
Fine dining	20	80
Fast food	18	81

Source: Nation's Restaurant News

HOW MUCH DO YOU EARN ANNUALLY?
(Mean average dollars, by segment)

Business & industry	$48,600
OVERALL AVERAGE	$43,200
Family restaurant	$43,000
Fast food	$41,700
Hotel, motel	$41,600
Dinner house	$40,700
Fine dining	$39,700

Source: Nation's Restaurant News

Execs agree: Managers need motivating, too

PULLMAN, Wash. — Motivating regional, district, and unit managers to excel was emphasized last month at Washington State University's fourth annual Conference on Strategic Issues in Fast Service.

"You don't get things done through advanced technologies; you get them done through people," declares Bill Bensyl, Taco Bell senior vice president for human resources. He lists key management principles that have succeeded for Taco Bell as "instilling the desire to achieve," "getting out of the way" so people can do their jobs, "challenging and stretching" employees to achieve their goals, "encouraging mistakes," "playing with passion," and "making it fun."

Bensyl showed a videotape dramatizing how Taco Bell's leading district managers, each handling an average of six units and 150 employees, utilize high energy, commitment, and a willingness to take risks.

Jackie Trujillo, president of Harman Management's KFC franchise units, stresses Harman's management-ownership plan, under which the top two managers in each unit can purchase up to 40 percent of the unit. "They become the entrepreneurs of their own one-unit company, and the unit crews really work for them, not for the corporation," she observes.

Tom Champoux, vice president of The Effectiveness Institute, asserts that "a lot of the technical skills training we take into corporations is useless." Although "there's a lot of talk

(See WSU, page F117)

WHY DID YOU CHANGE JOBS?
(Asked of only those who changed jobs in the past two years, in percent)

More responsibility, advancement	62
More money, benefits	53
Relocation	18
Lack of recognition	16
Laid off, fired	10
Lack of training	8
Dissatisfaction with former company	6
Became self-employed	3
All other reasons	16

Source: Nation's Restaurant News

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GOVERNMENT WAGE HIKE

(Continued from page F67)

Missouri, Nebraska, New Jersey, and Massachusetts.

Liquor liability persistent concern

On another front, restaurateurs who serve alcoholic beverages with their meals are keeping a close eye on legislation that will have an effect on liquor sales and liability. For example, a few states are beginning to look at mandatory certification of alcoholic beverage servers.

Maryland restaurant officials faced with a state bill requiring on-premises alcohol licensees to have employees trained in alcohol awareness elected to work with state officials to devise a program restaurateurs could live with, according to Restaurant Association of Maryland executive vice president Marcia Harris.

"In anticipation of passage, the Restaurant Association of Maryland launched RAM TIPs, a program of Training for Intervention Procedures by Servers of alcohol," Harris says. The nationally recognized alcohol awareness program was developed by experts in alcohol, law, training, and education and will be taught in restaurants as well as in other "convenient, statewide locations."

In contrast, Florida restaurant officials are fighting a state law calling for voluntary alcohol awareness certification. The Florida proposal would offer restaurateurs reduced penalties if they are found in violation of state liquor laws but are using certified employees. FRA officials said the industry is concerned about setting a precedent that could lead to mandatory certification.

In Massachusetts the restaurant industry is mounting an effort to overturn the state's controversial "last drink" law. The law requires a convicted drunk driver to name the establishment that was serving him before the accident. However, according to the MRA, the driver is not under oath, and the information is often not "credible." The MRA contends that state liquor authorities are using the unreliable information against restaurants.

Louisiana restaurateurs who serve liquor, however, are protected by legislation that specifically limits the liability of the server of alcoholic. Describing the Louisiana law as one of the country's strongest "dram shop" laws, Louisiana Restaurant Association executive vice president Jim Funk said LRA members are again preparing to fight liquor liability reformers who try each year to "gut" the law.

Massachusetts restaurateurs, however, are supporting a pair of bills that would offer restaurants and taverns in that state some protection against penalties for serving liquor to minors. One measure would provide for a special "date-of-birth" form to be filled out by the customer "under penalty of perjury." The completed form would "relieve the retailers of any liability for selling an alcoholic beverage to the minor."

Another bill would require the issuance of liquor-purchase indentification cards for persons more than 21. A restaurateur who relied on the ID for proof of age would be protected against criminal liability for serving alcohol to a minor.

Higher alcohol taxes

State lawmakers are also considering levying additional taxes on alcoholic beverages. A Washington proposal would establish a "substantial" alcohol, tobacco, and candy tax that could reach $5 per bottle of liquor, based on gross sales, according to Restaurant Association of the state of Washington executive vice president John Gordon. He said sections of the bill "are under heavy fire" but warned that a scaled-back version could get through the legislature.

Similarly, Connecticut lawmakers are reviewing a "deficit reduction" measure that would put a 15-percent surtax on the corporate income tax and increase "sin taxes" on beer, wine, liquor, and cigarettes.

Another smoking gun

Legislators in many states are stepping up efforts to force restaurants to provide no smoking sections. California restaurant industry officials listed "no smoking" legislation as their No. 3 concern, immediately after measures mandating health benefits and third-party liquor liability. One pending California bill would totally ban smoking in restaurants unless the smoking area is separated by a partition from the rest of the restaurant and has its own, separate ventilation system.

The Restaurant Association of Maryland sidetracked efforts in that state to enact mandatory no-smoking regulations. Sponsors of the legislation withdrew the bill after the group's decision to promote the voluntary establishment of non-smoking areas in restaurants.

According to RAM officials, an increasing number of diners want a choice of seating, and "successful restaurateurs always give the customers what they want." Announcing the accord with the Maryland Legislature, the officals say, "When business and government get the job done without legislation, they both come out ahead."

Other states proposing "no smoking" measures include Florida, Mississippi, North Dakota, New York, Indiana, Missouri, Vermont, Colorado, Delaware, Connecticut, Nevada, Illinois, Nebraska, Idaho, Rhode Island, South Carolina, Alabama, Georgia, Kansas, Massachusetts, and Minnesota.

State legislation in other categories could also affect food-service operations, including:

• Bad checks: New laws — Wyoming will prohibit an employer from holding a worker responsible for accepting a dishonored check. Pending — North Dakota would require a person paying with a bad check to make full restitution of the check amount and any charges incurred by the holder. Wyoming would prevent an employer from holding a worker responsible for accepting a dishonored check. Colorado would eliminate the requirement that a holder establish intent in order to recover treble damages.

Kansas would impose civil liability on writers of bad checks. New York would allow the holder to sue the check writer for damages if the check is not paid within 15 days of the second notice.

Other states considering bad-check legislation include Massachusetts, Alabama, Connecticut, Georgia, Mississippi, Arkansas, Arizona, Indiana, Ohio, South Carolina, California, Nebraska, and North Dakota.

• Business Closing: Pending — Illinois would require employers with more than 100 workers to give 60 days' advance notice of closing or relocating a facility more than 100 miles away. Massachusetts would require employers who have more than 100 workers and terminate or relocate to pay each worker severance pay equal to one week's pay for each year of employment. Washington would require severance pay equal to one month's pay for each year of service, capped at 12, for closure or business sale. Connecticut would require employers of more than 100 to give six month's notice of plant closing or relocation. Minnesota, would require employers to give 120 days' advance written notice of closing

(See GOVERNMENT, page F117)

Child labor violations jump 133%

By Rajan Chaudhry

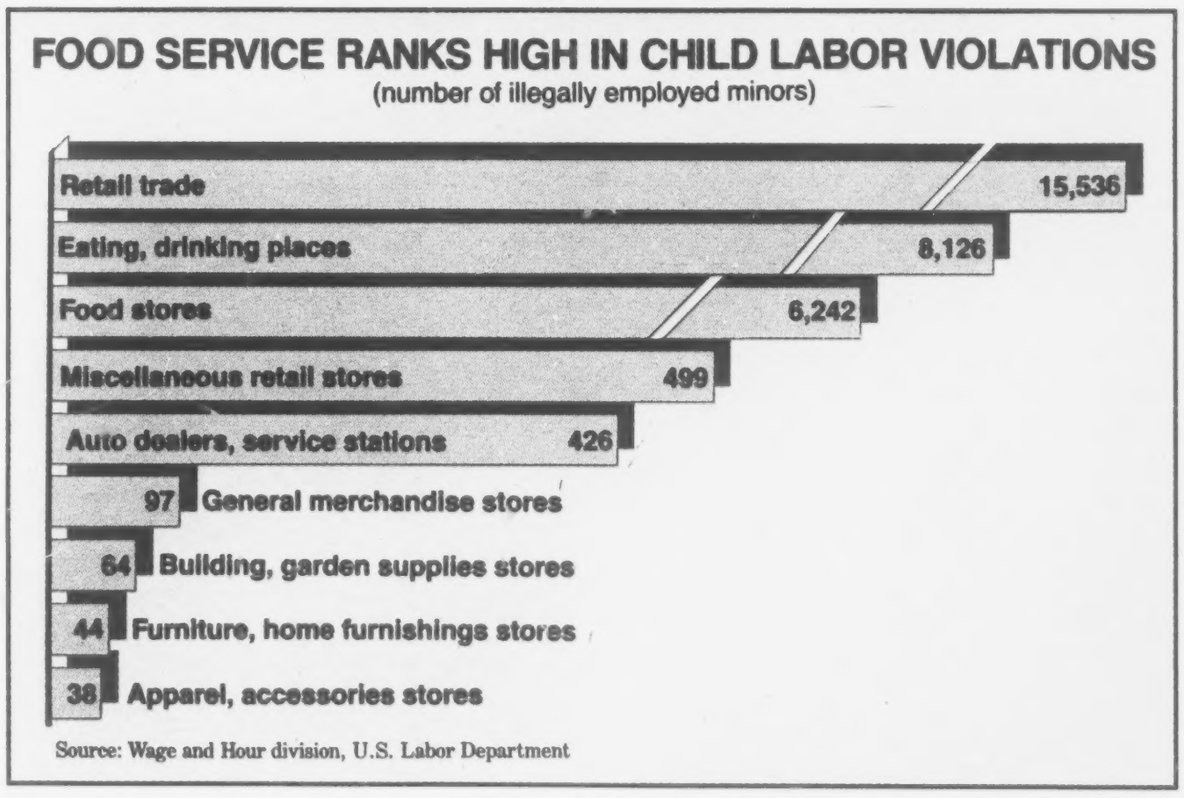
Restaurateurs, forced by a dearth of labor to employ younger teens in greater numbers, are increasingly running afoul of child-labor laws.

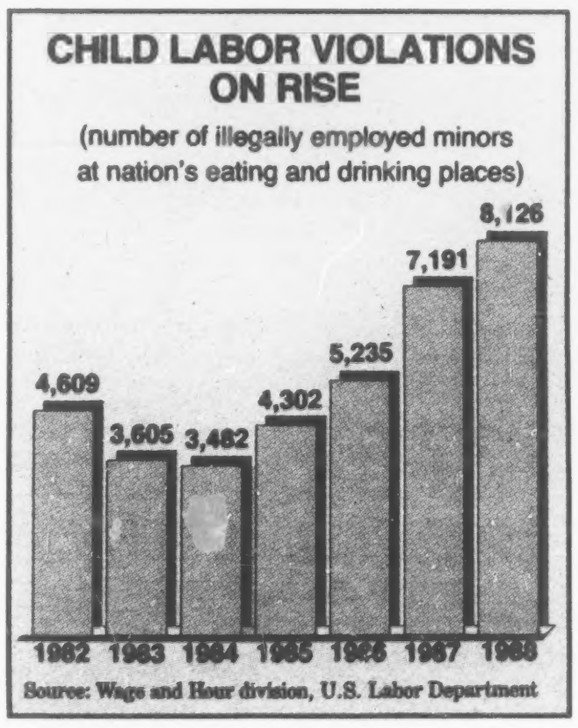
Since 1984 the number of child-labor violations at the nation's eating and drinking places has leaped 133 percent, to 8,126. And the food-service industry, the largest employer of teens, continues to lead all others in number of infractions.

"Our feeling is that employers first exhaust the supply of older workers because they don't have to worry about hours and times of day," says Bill Fern, an analyst with U.S Labor Department's wage and hour division. "And once that pool is used up, they start hiring younger workers to fill in the holes, and this has led to more violations."

From 1975, the year in which Congress established civil monetary fines for infractions, to 1984, violations had been steadily declining, Fern says.

Fern blames subsequent increases on a change in labor supply rather than a change in operators' attitudes.





"I think employers are fairly compliance-minded when it comes to child labor," he notes.

But part of problem lies with new immigration laws that have checked a vital source of labor, explains Richard C. Johnson, general counsel of the National Restaurant Association. The laws force restaurateurs to rely more on teen-aged workers.

"The demographic problem arises — particularly in the Northeast — because the Immigration Reform and Control Act has shut off the supply of aliens who were previously performing the entry-level tasks," Johnson observes.

Under federal law, workers under 16 may not work more than three hours on school days or eight hours on non-school days. They cannot work more than 18 hours per week when school is in session or 40 hours when school is out. And they cannot work before 7 a.m. or after 7 p.m. except between June 1 and Labor Day.

Workers under 16 are also prohibited from using certain types of machinery, such as meat slicers and grinders, and bakery-type mixers.

Although 16- and 17-year-olds are free from hourly constraints, they also face some equipment restrictions.

State laws vary. But despite pressure by the business community to ease some restrictions, only a handful of states — including New York and New Jersey — are considering plans that would relax rules on employment of minors.

In fact, mounting concern over the quality of American education has prompted several states — including Minnesota, North Carolina, Indiana, and New Hampshire — to propose even tighter legislation.

Last March the Labor Department set up a Child Labor Advisory Committee that includes educators as well as members of trade groups to review child labor policy.